

Message Text

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ACTION STR-07

INFO OCT-01 IO-13 ISO-00 STRE-00 CTME-00 JUSE-00
AGRE-00 CEA-01 CIAE-00 COME-00 DODE-00 EB-08
FRB-03 H-01 INR-10 INT-05 L-03 LAB-04 NSAE-00
NSC-05 PA-01 AID-05 SS-15 ITC-01 TRSE-00 ICA-11
SP-02 SOE-02 OMB-01 DOE-15 AF-10 ARA-10 EA-10
EUR-12 NEA-11 OIC-02 DOEE-00 SSO-00 /169 W
-----075079 151454Z /42

P 151431Z JUN 78
FM USMISSION GENEVA
TO SECSTATE WASHDC PRIORITY 0884
INFO AMEMBASSY BRUSSELS

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USMTN USEEC

STR FOR ACTION

USEEC PASS JOHN O'LOUGHLIN AT CCC MEETINGS

E.O. 11652: N/A
TAGS: MTN, ETRD
SUBJECT: CUSTOMS VALUATION: MEETINGS WEEK OF JUNE 5

1. SUMMARY: CUSTOMS VALUATION NEGOTIATIONS PROGRESSED
RAPIDLY DURING WEEK IN SERIES OF BILATERAL, PLURI-
LATERAL, AND 7 PLUS 7 MEETINGS. AT 7 PLUS 7, NEW
DRAFT PROVISIONS ON FIRST SEVEN ARTICLES OF CODE WERE
GENERALLY WELL RECEIVED BUT DEVELOPING COUNTRIES
RAISED SEVERAL QUESTIONS ABOUT TECHNICAL ASPECTS
OF DRAFT. CANADIAN DEL DISTRIBUTED PAPER LISTING
CONDITIONS FOR CANADIAN PARTICIPATION IN CUSTOMS
VALUATION CODE (REPORTED SEPTTEL). PLURILATERAL
DRAFTING GROUP OF US, EC, CANADA, AUSTRALIA, NORDICS,
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AND JAPANESE PROGRESSED EXTREMELY WELL IN FOCUSING
ON REVISIONS OF LATEST EC DRAFT. US/EC MET BILATERALLY
SUBSEQUENT TO PLURILATERAL MEETINGS AND AGREED AMONG
TWO PARTIES TO REDRAFT CERTAIN ARTICLES OF CUSTOMS
VALUATION DRAFT TO REFLECT POINTS RAISED DURING THE
WEEK. NEXT VALUATION MEETINGS WILL BEGIN ON JUNE 21,
WITH SUBGROUP MEETING ON JUNE 22. END SUMMARY.

2. 7 PLUS 7 MEETING - COMMENTS AT 7 PLUS 7 MEETING FROM DEVELOPING COUNTRIES FOCUSSED GENERALLY ON LACK OF SPECIAL AND DIFFERENTIAL TREATMENT (S&D) IN DRAFT VALUATION TEXT. DEVELOPING COUNTRIES UNIFORMLY INDICATED THAT COMPUTED VALUE METHOD OF VALUATION WOULD BE UNACCEPTABLE DUE TO THEIR INABILITY TO APPLY SUCH A STANDARD. SPECIFIC LDC QUESTIONS ON VARIOUS ARTICLES REFLECTED GENERAL LDC CONCERN THAT NEW CODE WOULD DIMINISH CURRENT PROTECTION. ACCORDINGLY LDC'S WERE PARTICULARLY INTERESTED IN PARTS OF ARTICLES 1 THROUGH 7 WHICH WOULD OR COULD RESULT IN LOWERED REVENUE COLLECTION. LDC'S HAD DONE SIGNIFICANT AMOUNT OF HOMEWORK ON THE TEXTS AND WERE ASKING QUESTIONS THAT REFLECTED CAREFUL CONSIDERATION. U.S., CANADA, NEW ZEALAND, AND AUSTRALIA SUPPORTED USE OF COMPUTED VALUE AS A STANDARD IN THE VALUATION TEXT. OTHER DEVELOPED COUNTRIES FELT THAT COMPUTED VALUE WAS NOT AN APPROPRIATE METHOD OF VALUATION. THIS FIRST EXPOSURE OF NEW DRAFT PROVISIONS TO LDC'S WAS GENERALLY POSITIVE WITH EXPECTED RHETORIC NOT DEVELOPING.

3. PLURILATERAL MEETINGS - THE SESSIONS OF THE PLURILATERAL WORKING GROUP CENTERED ON DETAILED EXAMINATION OF ARTICLES 1 - 7. ALTHOUGH SIGNIFICANT AMOUNT LIMITED OFFICIAL USE

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OF TIME WAS SPENT ON U.S. SUGGESTED CHANGES TO ARTICLES 1, 2, AND 3, MAJORITY OF DISCUSSIONS RELATED TO FALL BACK CONCEPTS OF DEDUCTIVE AND COMPUTED VALUE, AS WELL AS POSSIBLE FINAL VALUATION STANDARD AFTER COMPUTED VALUE. U.S. DEL (NEWKIRK) DISTRIBUTED U.S. TEXT ON DEDUCTIVE VALUATION PER INSTRUCTIONS, BUT REITERATED POSITION THAT DEDUCTIVE METHOD, IN U.S. OPINION, WAS NOT A PARTICULARLY USEFUL METHOD OF VALUATION. UNFORTUNATELY, ALL OTHER COUNTRIES SUPPORTED ITS USE.

4. ARTICLE 5 - WITH REGARD TO ARTICLE 5 (COMPUTED VALUE) EC DEL (CHUMAS) NOTED THAT SEVERAL DELEGATIONS HAD EXPRESSED THEIR CONCERN WITH THIS STANDARD AS AN APPROPRIATE VALUATION METHOD. HOWEVER, SINCE SEVERAL DELS ALSO SUPPORTED COMPUTED VALUE, EC POSITION WAS THAT BEST MEANS OF PROCEEDING WOULD BE TO FIND SOME SORT OF COMPROMISE THAT WOULD INCLUDE COMPUTED VALUE IN THE VALUATION CODE BUT WITH APPROPRIATE SAFEGUARDS FOR ITS USE. U.S. DEL INDICATED THAT COMPUTED VALUE WAS AN ESSENTIAL ELEMENT OF THE VALUATION CODE AND SUGGESTED WE COULD BE FLEXIBLE ON CERTAIN ASPECTS SUCH AS USE OF SUCH OR SIMILAR

MERCHANDISE FOR COMPUTED VALUE PURPOSES.

5. ARTICLE 5 BIS - ALTHOUGH U.S. DEL INDICATED THAT IN U.S. OPINION COMPUTED VALUE WAS AN ADEQUATE FALLBACK STANDARD, OTHERS DISAGREED. U.S. DISTRIBUTED ITS REDRAFT OF ARTICLE 5 BIS AND OTHER DELEGATIONS GENERALLY ACCEPTED U.S. TEXT AS BASIS FOR DISCUSSION. VARIOUS DELS HAD DIFFERING OPINIONS ON STANDARDS RECOMMENDED IN U.S. DRAFT AS BASIS OF VALUATION BUT WERE POSITIVELY ORIENTED TOWARDS U.S. APPROACH.

6. ARTICLE SIX - ARTICLE SIX WAS DISCUSSED BRIEFLY WITH MOST DELEGATIONS ACCEPTING THE CONCEPT OF TESTS. NORDIC DELEGATION RECOMMENDED THAT ONLY LIMITED OFFICIAL USE

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INFO OCT-01 IO-13 ISO-00 STRE-00 CTME-00 JUSE-00
AGRE-00 CEA-01 CIAE-00 COME-00 DODE-00 EB-08
FRB-03 H-01 INR-10 INT-05 L-03 LAB-04 NSAE-00
NSC-05 PA-01 AID-05 SS-15 ITC-01 TRSE-00 ICA-11
SP-02 SOE-02 OMB-01 DOE-15 AF-10 ARA-10 EA-10
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PARAGRAPH 1 OF ARTICLE SIX BE UTILIZED, WHEREAS THE EC INDICATED THAT IT FELT PARA ONE IN ITSELF WAS INSUFFICIENT FOR TEXT PURPOSES.

7. ARTICLE 7 - DISCUSSIONS INITIALLY CONCENTRATED

ON NECESSITY FOR HAVING ARTICLE 7(1)(A). EC, AFTER EXPLANATION BY U.S. THAT ARTICLES 1(C) AND (D) TENDED TO TAKE CARE OF SITUATIONS ENVISAGED BY EC UNDER ARTICLE 7(1)(A), AGREED TO RECONSIDER THEIR POSITION ON THIS ARTICLE. ALONG THIS LINE IT WAS SUGGESTED THAT AN INTERPRETIVE NOTE FOR ARTICLE 1(C) MIGHT BE NECESSARY TO COVER PROBLEMS INCLUDED IN 7(1)(A). DISCUSSION ON THE QUESTION OF ASSISTS DEMONSTRATED CONCERN ABOUT HOW ASSISTS COULD BE PROPERLY VALUED. NORDIC COUNTRIES GENERALLY SUPPORTED THE IDEA THAT CUSTOMS VALUE MUST INCORPORATE ALL ELEMENTS INCLUDED IN THE PRODUCT BEING IMPORTED. THE EC FELT THAT PARAGRAPHS 7(G)(IV) - (VII) WERE "LUDICROUS" INCLUSIONS AND SHOULD BE DROPPED FROM THE VALUATION CODE. IN BRIEF DISCUSSION OF ADVERTISING COSTS, THE AUSTRALIAN LIMITED OFFICIAL USE

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DEL FELT THAT SUCH COSTS SHOULD BE INCLUDED, AS DID THE JAPANESE. THE NORDIC DEL WAS SPLIT, WITH FINLAND RECOMMENDING INCLUSION OF ADVERTISING COSTS, AND OTHER NORDIC DELS RECOMMENDING THEIR EXCLUSION.

6. SUBSEQUENT TO PLURILATERAL SESSIONS, U.S. AND EC DELS MET BILATERALLY TO REASSESS DISCUSSIONS DURING THE WEEK. U.S. AND EC AGREED TO REDRAFT VARIOUS ARTICLES TO REFLECT DISCUSSIONS HELD DURING WEEK. SPECIFICALLY EC AGREED TO REDRAFT ARTICLE 1, WHILE THE U.S. WOULD DRAFT AN INTERPRETIVE NOTE FOR ARTICLE 1(C). U.S. AGREED TO REDRAFT ARTICLE 2(1)(B) AND 3(1)(B) ON A PRELIMINARY BASIS CONCERNING USE OF ADJUSTMENTS FOR QUANTITIES AND LEVELS. U.S. ALSO AGREED TO REDRAFT ARTICLE 3(2) TO ADD BACK THE CONCEPT OF "COMMERCIALLY INTERCHANGEABLE". THE EC AGREED TO REDRAFT ARTICLES 4 AND 5 BIS UTILIZING THE U.S. DRAFTS DISTRIBUTED DURING WEEK. U.S. ALSO AGREED TO REDRAFT ARTICLES 5 AND 6. COMMENT: U.S. AND EC DELS DISCUSSED A POSSIBLE COMPROMISE THAT WOULD INCLUDE THE USE OF COMPUTED VALUE IN THE CODE. THIS COMPROMISE WOULD ALLOW IMPORTERS TO SELECT DEDUCTIVE OR COMPUTED VALUE AT THEIR OPTION. SUCH SELECTION WOULD CARRY AN OBLIGATION TO PROVIDE SUFFICIENT INFORMATION TO UTILIZE CHOSEN OPTION. IF NO OPTION IS CHOSEN, HIERARCHY OF CODE WOULD BE APPLIED. U.S. AND EC DELS AGREED TO CONSIDER THIS PROPOSAL AND FOR PURPOSES OF DISCUSSION, THE U.S. AND EC WILL ATTEMPT A REDRAFT OF ARTICLES 4 AND 5. END COMMENT. FOR ARTICLE 6, THE U.S. AGREED TO ENSURE THAT THE CONCEPT OF "IMPORTER-ORIENTED" ADJUSTMENTS WOULD BE MORE SPECIFICALLY DELINEATED. THE EC WILL REDRAFT ARTICLE 7 DROPPING 7(G)(6) AND (7), AND TRYING TO MAKE THE ARTICLE A POSITIVE CONCEPT

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OF ITEMS WHICH SHOULD BE INCLUDED IN CUSTOMS VALUE
IF APPROPRIATE. U.S. AND EC BRIEFLY DISCUSSED
ARTICLES 8 THROUGH 16. IN GENERAL EC HAD NO SUBSTANTIVE
COMMENTS ON U.S. SUGGESTED CHANGES, EXCEPT WITH REGARD
TO TIMING ON DATES FOR EXCHANGE RATE CONVERSIONS. EC
WOULD LIKE TO MAINTAIN THE DATE OF CUSTOMS CLEARANCE
FOR PURPOSES OF EXCHANGE RATE CONVERSIONS.

7. DELS AGREED (US/EC) TO HAVE REDRAFTED VERSIONS
IN GENEVA BY JUNE 16 FOR CONVERSION INTO A NEW UNIFIED
TEXT TO BE DISTRIBUTED TO OTHER DELS WEEK OF JUNE 19.
NEXT PLURILATERAL CUSTOMS VALUATION MEETINGS WILL
BEGIN ON JUNE 21. SUBGROUP MEETING ON VALUATION WILL
BE HELD ON JUNE 22.

8. DRAFTED BY SHELLEY. MCDONALD

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: MEETINGS, CUSTOMS ADMINISTRATION, AMENDMENTS
Control Number: n/a
Copy: SINGLE
Draft Date: 15 jun 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 20 Mar 2014
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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Document Source: CORE
Document Unique ID: 00
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Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
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Review Release Date: N/A
Review Release Event: n/a
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SAS ID: 2342845
Secure: OPEN
Status: NATIVE
Subject: CUSTOMS VALUATION: MEETINGS WEEK OF JUNE 5
TAGS: ETRD, MTN
To: STATE
Type: TE
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